



STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL
445 Hamilton Avenue, Suite 506
White Plains, New York 10601

ANDREW M. CUOMO
GOVERNOR

JAMES C. COX
MEDICAID INSPECTOR GENERAL

October 2, 2014

[REDACTED]
Michael Malotz Skilled Nursing Pavilion
120 Odell Avenue
Yonkers, New York 10701

Re: Medicaid Rate Audit #13-2799
NPI Number: [REDACTED]
Provider Number: [REDACTED]

Dear [REDACTED]

Enclosed is the final audit report of the Office of the Medicaid Inspector General's (the "OMIG") audit of Michael Malotz Skilled Nursing Pavilion's (the "Facility") Medicaid rates for the rate period January 1, 2008 through December 31, 2008. In accordance with 18 NYCRR Section 517.6, this report represents the OMIG's final determination on issues raised in the draft audit report.

Since you did not respond to our draft audit report dated July 30, 2014, the findings in the final audit report remain identical to the draft audit report. As previously stated in the draft audit report, the Medicare Part B and D offsets were not within the scope of the review and may be examined as part of a future audit. Based on the enclosed audited rates calculated by the Bureau of Long Term Care Reimbursement, the Medicaid overpayment currently due is \$78,494. This overpayment is subject to Department of Health ("DOH") and Division of Budget ("DOB") final approval. While not anticipated, any difference between the calculated overpayment and the final DOH and DOB approved amount will be resolved with the Facility by the OMIG Bureau of Collections Management.

In accordance with 18 NYCRR Part 518 which regulates the collection of overpayments, your repayment options are described below.

OPTION #1: Make full payment by check or money order within 20 days of the date of the final audit report. The check should be made payable to the New York State Department of Health and be sent with the attached Remittance Advice to:

[REDACTED]
New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 2739
File #13-2799
Albany, New York 12237-0048

OPTION #2: Enter into a repayment agreement with the Office of the Medicaid Inspector General. If your repayment terms exceed 90 days from the date of the final audit report, recoveries of amounts due are subject to interest charges at the prime rate plus 2%. If the process of establishing the repayment agreement exceeds 20 days from the date of the final audit report, the OMIG will impose a 50% withhold after 20 days until an agreement is established. OMIG acceptance of the repayment agreement is based on your repaying the Medicaid overpayment as agreed. The OMIG will adjust the rate of recovery, or require payment in full, if your unpaid balance is not being repaid as agreed. In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against any amount owed. If you wish to enter into a repayment agreement, please contact the Bureau of Collections Management within 20 days at the following:

Bureau of Collections Management
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, New York 12204

[REDACTED]

You have the right to challenge this action and determination by requesting an administrative hearing within sixty (60) days of the date of this notice. You may not request a hearing to raise issues related to rate setting or rate setting methodology. In addition, you may not raise any issue that was raised or could have been raised at a rate appeal with your rate setting agency. You may only request a hearing to challenge specific audit adjustments which you challenged in a response to the draft audit report.

If you wish to request a hearing, the request must be submitted in writing to:

General Counsel
Office of Counsel
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, New York 12204

Questions regarding the request for a hearing should be directed to the Office of Counsel at [REDACTED]

If a hearing is held, you may have a person represent you or you may represent yourself. If you choose to be represented by someone other than an attorney, you must supply a signed authorization permitting that person to represent you along with your hearing request. At the hearing, you may call witnesses and present documentary evidence on your behalf.

Should you have any questions, please contact [REDACTED] or through email at [REDACTED]. Please refer to audit number 13-2799 in all correspondence.

Sincerely,

[REDACTED]

Bureau of Rate Audit
Division of Medicaid Audit
Office of the Medicaid Inspector General

Enclosure

- EXHIBIT I - Summary of Per Diem Impact and Medicaid Overpayment
- EXHIBIT II - Summary of Medicaid Rates Audited
- EXHIBIT III - Property Expense Disallowances/(Allowances) – Nursing Facility
- EXHIBIT IV - Property Expense Disallowances/(Allowances) – Ventilator Unit

CERTIFIED MAIL [REDACTED]
RETURN RECEIPT REQUESTED

**NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE**

NAME AND ADDRESS OF AUDITEE

MICHAEL MALOTZ SKILLED
NURSING PAVILION
120 ODELL AVENUE
YONKERS, NEW YORK 10701

NPI #: [REDACTED]
PROVIDER #: [REDACTED]

AUDIT #13-2799

AMOUNT DUE: \$78,494

AUDIT	<input type="checkbox"/>	PROVIDER
TYPE	<input checked="" type="checkbox"/>	RATE
	<input type="checkbox"/>	PART B
	<input type="checkbox"/>	OTHER:

CHECKLIST

1. To ensure proper credit, please enclose this form with your check.
2. Make checks payable to: *New York State Department of Health*
3. Record the Audit Number on your check.
4. Mail check to:

[REDACTED]
New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 2739
File #13-2799
Albany, New York 12237-0048

5. If the provider number shown above is incorrect, please enter the correct number below.

CORRECT PROVIDER NUMBER

MICHAEL MALOTZ SKILLED NURSING PAVILION - AUDIT #13-2799
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
SUMMARY OF PER DIEM IMPACT AND MEDICAID OVERPAYMENT

<u>RATE PERIOD</u> <u>NURSING FACILITY</u>	<u>ISSUED</u> <u>PART B & D</u> <u>NON-ELIGIBLE</u> <u>RATES*</u>	<u>FINAL</u> <u>PART B & D</u> <u>NON-ELIGIBLE</u> <u>RATES</u>	<u>RATE</u> <u>DECREASE</u> <u>(INCREASE)</u>	<u>MEDICAID</u> <u>DAYS</u>	<u>MEDICAID</u> <u>OVERPAYMENT</u>
01/01/08 - 03/31/08	\$274.04	\$271.34	\$2.70	6,563	\$ 17,720
04/01/08 - 06/30/08	268.99	266.29	2.70	6,281	16,959
07/01/08 - 12/31/08	275.05	272.35	2.70	13,732	<u>37,076</u>
MEDICAID OVERPAYMENT - NURSING FACILITY					<u>\$ 71,755</u>
 <u>VENTILATOR UNIT</u>					
01/01/08 - 03/31/08	\$538.05	\$532.31	\$5.74	355	\$ 2,038
04/01/08 - 12/31/08	534.47	528.73	5.74	819	<u>4,701</u>
MEDICAID OVERPAYMENT - VENTILATOR UNIT					<u>\$ 6,739</u>
TOTAL MEDICAID OVERPAYMENT					<u>\$ 78,494</u>

* Any differences between these rates and the rates listed in Exhibit II of this audit report represent rate changes made subsequent to OMIG's audit. These changes remain open to future audit by the OMIG. For the purpose of this Exhibit, the Medicare Part B and D rates are not shown. The rate decrease/(increase) for those rates is the same as shown for the Medicare Part B and D non-eligible rates above.

MICHAEL MALOTZ SKILLED NURSING PAVILION - AUDIT #13-2799
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
SUMMARY OF MEDICAID RATES AUDITED

The nursing facility's Medicaid utilization was approximately 70 percent and the ventilator unit's Medicaid utilization was approximately 68 percent for the period under audit. The Medicaid per diem rates audited are shown below. Any differences between these rates and the "Issued Rates" listed in Exhibit I of this audit report represent rate changes made subsequent to our audit. These changes remain open to future audit by the OMIG.

<u>RATE PERIOD</u> <u>NURSING FACILITY</u>	<u>ISSUED MEDICARE</u> <u>PART B & D</u> <u>NON-ELIGIBLE RATES *</u>
01/01/08 - 03/31/08	\$ 274.52
04/01/08 - 06/30/08	269.46
07/01/08 - 12/31/08	275.52
<u>VENTILATOR UNIT</u>	
01/01/08 - 03/31/08	\$ 538.05
04/01/08 - 12/31/08	534.47

* The Medicare Part B and D rates are not shown for the purpose of this Exhibit. The Medicare Part B and D offsets were not within the scope of this audit and may be examined as part of a future audit.

MICHAEL MALOTZ SKILLED NURSING PAVILION - AUDIT #13-2799
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES) - NURSING FACILITY

	<u>DESCRIPTION</u>	<u>COST CTR.</u>	<u>DISALLOWED (ALLOWED)</u>	<u>TRACE- BACK %</u>	<u>RATE PERIOD 2008</u>
Property Expense Allowed per HE-12B					<u>\$ 2,080,511</u>
Less Disallowances/(Allowances):					
1. BUILDING/FIXED EQUIPMENT DEPRECIATION EXPENSE DISALLOWANCE					
Any project cost that exceeds a cost already approved shall not be considered an allowable cost for reimbursement. Reported building depreciation included expense pertaining to non-approved project costs. Consequently, the depreciation related to the non-approved costs was disallowed. Regulations: 10 NYCRR Sections 86-2.19 & 710.6	Bldg. Depr.	001	7,684	93.21%	7,162
2. MOVABLE EQUIPMENT DEPRECIATION EXPENSE DISALLOWANCE					
The Facility capitalized costs that should have been expensed as operating costs because they were for laundry and linen supplies. These expenditures should have been expensed in accordance with Generally Accepted Accounting Principles and the guidelines and definitions included in the RHCFC Accounting and Reporting Manual. Accordingly, the depreciation expense applicable to these costs was disallowed. Regulations: 10 NYCRR Sections 86-2.4, 86-2.22(a), 455.9, & 458.3(c), RHCFC Accounting and Reporting Manual	ME Depr.	002	809	90.84%	735
3. ORGANIZATION/START-UP COST AMORTIZATION EXPENSE DISALLOWANCE					
The Facility amortized organization costs over a five year period. This expense was fully amortized prior to rate year 2008. Since the costs were fully reimbursed prior to rate year 2008, the start-up costs included in the 2008 rates were disallowed. This disallowance was in accordance with the prior audit #08-2507. Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Sections 2102.2 & 2134.2	Start-Up	005	109,677	86.80%	95,200
Property Expense Disallowances/(Allowances)					<u>\$ 103,097</u>
TOTAL AUDITED PROPERTY EXPENSE					<u><u>\$ 1,977,414</u></u>

MICHAEL MALOTZ SKILLED NURSING PAVILION - AUDIT #13-2799
RATE PERIODS JANUARY 1, 2008 THROUGH DECEMBER 31, 2008
PROPERTY EXPENSE DISALLOWANCES/(ALLOWANCES) - VENTILATOR UNIT

	<u>DESCRIPTION</u>	<u>COST CTR.</u>	<u>DISALLOWED (ALLOWED)</u>	<u>TRACE- BACK %</u>	<u>RATE PERIOD 2008</u>
Property Expense Allowed per HE-12B					<u>\$ 212,461</u>
Less Disallowances/(Allowances):					
1. BUILDING/FIXED EQUIPMENT DEPRECIATION EXPENSE DISALLOWANCE					
Any project cost that exceeds a cost already approved shall not be considered an allowable cost for reimbursement. Reported building depreciation included expense pertaining to non-approved project costs. Consequently, the depreciation related to the non-approved costs was disallowed. Regulations: 10 NYCRR Sections 86-2.19 & 710.6	Bldg. Depr.	001	7,684	6.79%	522
2. MOVABLE EQUIPMENT DEPRECIATION EXPENSE DISALLOWANCE					
The Facility capitalized costs that should have been expensed as operating costs because they were for laundry and linen supplies. These expenditures should have been expensed in accordance with Generally Accepted Accounting Principles and the guidelines and definitions included in the RHCf Accounting and Reporting Manual. Accordingly, the depreciation expense applicable to these costs was disallowed. Regulations: 10 NYCRR Sections 86-2.4, 86-2.22(a), 455.9, & 458.3(c), RHCf Accounting and Reporting Manual	ME Depr.	002	809	9.16%	74
3. ORGANIZATION/START-UP COST AMORTIZATION EXPENSE DISALLOWANCE					
The Facility amortized organization costs over a five year period. This expense was fully amortized prior to rate year 2008. Since the costs were fully reimbursed prior to rate year 2008, the start-up costs included in the 2008 rates were disallowed. This disallowance was in accordance with the prior audit #08-2507. Regulations: 10 NYCRR Sections 86-2.17(a) & (d), PRM-1 Sections 2102.2 & 2134.2	Start-Up	005	109,677	13.20%	14,477
Property Expense Disallowances/(Allowances)					<u>\$ 15,073</u>
TOTAL AUDITED PROPERTY EXPENSE					<u><u>\$ 197,388</u></u>